

ORANA



UN Global Compact Annual Report for **Orana Vietnam**

June 2020

ORANA VIETNAM

UN Global Compact Reporting on Communication on Progress (COP)

0. Period covered by our Communication on Progress (COP)

From 01.10.2018 to 30.09.2019

1. Statement of Continued Support by the Chief Executive Officer

1st June 2020

To our stakeholders:

We are pleased to confirm that Orana Vietnam reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

During the financial year 2019/20, we will continue to intensify our work on CSR, Sustainability and SDGs for Orana Vietnam.

Sincerely yours,



Betina Moldt Rasmussen
General Director

2. Introduction

The Orana Group hereunder Orana Vietnam is committed to sustainability in all business activities and aims to apply highest ethical standards in order to ensure the long-term success of the Orana Group and its stakeholders. In support of this goal, the Orana Group implemented a Supplier Code of Conduct in 2007 and since then all Orana Group companies hereunder Orana Vietnam have subscribed to the UN Global Compact. Both specify minimum standards expected of Orana and its suppliers and are based on principles for:

- a) Human Rights
- b) Labour

- c) Environment
- d) Anti-Corruption

In the Orana Group all staff are committed to following these principles. The Orana Group further requires its suppliers to explicitly acknowledge and adhere to the principles embodied in the Code of Conduct to ensure that their own suppliers also will comply with these principles.

3. Human Rights

Description of Actions

All Orana sites do not use forced labour or child labour. All sites further ensure that hiring, remuneration, advancement, training and termination decisions are based on objective factors and not connected to gender, age, nationality, ethnicity, race, colour, creed, caste, language, mental or physical disability, or any other discriminating factors. Instead this is determined by skills, qualifications and experience required for the position in question.

All Orana sites do not tolerate workplace harassment, hereunder but not limited to words, signs, offensive jokes, e-mail statements, pranks, intimidation, sexual or physical harassment or violence. Policies are in place to protect all employees.

The Orana Group has implemented health and safety prevention policies which comply with national, international and Orana company rules. These policies are made available to employees in a language, which is understood by the employees.

All employees are provided with safe, suitable and sanitary work facilities and are protected against processes, substances and techniques which are unhealthy, toxic and harmful.

All Orana sites documents accidents and adjusts its processes to prevent future accidents, if any. At all sites, workers and managers are trained to respond to emergencies and emergency exits are free from obstruction. Fire extinguishers are available. Work environments are maintained and kept clean. All sites have sufficient and suitable ventilation, lighting, availability of potable water, washing facilities and sanitary facilities and suitable eating areas. All employees are provided with protective equipment and training necessary to safely perform the functions of their positions.

Moreover, all sites have implemented rules in regard to hygiene, alcohol and smoking.

Finally, all employees are offered yearly health checks.

Measurement of Outcomes

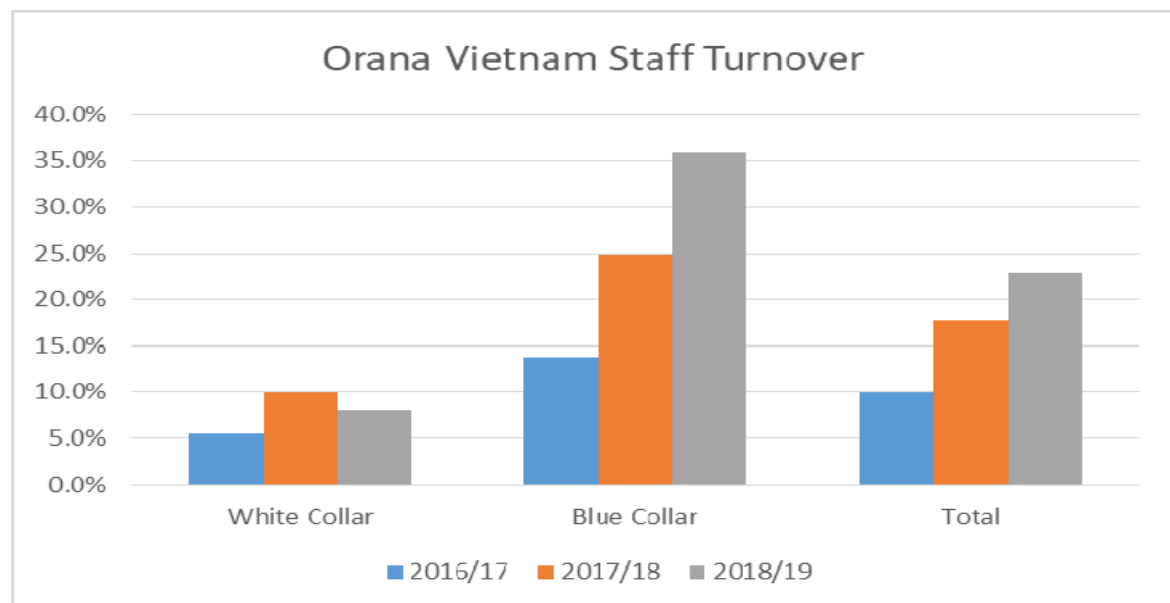
Orana is a harassment and discrimination free organization. In the companies CSR code the freedom of association and non-discrimination policy are addressed. In cases of harassment, all staff are asked to report to their manager or to their trade union representative. There are no kind of harassment or discrimination incidences reported in the period of communication of 2018/19.

Staff turnover is measured for all Orana Group companies. For Orana Vietnam, employee turnover is split into White Collar and Blue Collar. See below table and graph:

Table 1: Staff Turnover

	2016/17	2017/18	2018/19
White Collar	5.4%	10%	8.1%
Blue Collar	13.7%	24.9%	35.9%
Total	9.9%	17.8%	22.8%

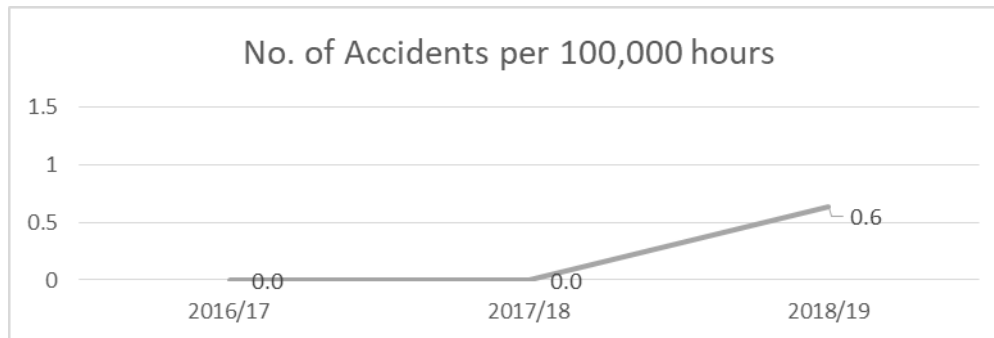
Graph 1: Staff Turnover. Total



There is an increase in 2018/19 for blue collar workers compared to previous years. This is following a general trend in Vietnam where blue collar workers typically are less loyal. In order to ensure a more positive trend in the future and to create the loyalty with the staff, we have end of 2018/19 increased minimum salaries for blue collar workers to ensure that we are approx. 20% above national average.

Number of accidents are measured. See below table:

Graph 2: No. of Accidents per 100,000 hours



As can be seen from the above, no accidents were recorded in 2016/17 and in 2017/18. But in 2018/19, 0.6 accidents were recorded per 100,000 hours. Accidents are being reported to the relevant authorities and corrective actions and necessary control measures are being taken inclusive of training of staff to avoid similar accidents again.

9 customer audits have been conducted during 2018/19. Most of the customer audits have focused on food safety including hygiene. All audits were passed. Some minor non-conformities were raised related to improvement on food safety environment/document, personnel awareness and plant hygiene. All these minor non-conformities were closed with proper corrections, corrective and preventive actions.

GMP/ hygiene audits are also being conducted by QC online staff on a daily basis as a routine practice. Any finding is reported and discussed in the daily meeting for corrective actions in need timely. Moreover, we have GMP tour every 2 weeks conducted by the Factory Manager, Quality Assurance Department and other relating departments. The GMP tour report is submitted to General Director.

In addition to the above, hygiene related issues are addressed in the Internal Audits. The responsible departments will work on the findings to close gaps in agreed time frames.

Health checks. Orana Vietnam offers annual health check for all staff. All staff have accepted the offer and the company also offers extra insurance for accident for all staff. Female staff will be provided extra check.

4. Labour

Description of Actions

No Orana site will hire any form of forced labour or child labours.

All sites recognize and encourage the freedom of association rights of its employees and ensure that trade unions are able to communicate openly with management regarding working conditions without threat of reprisal, intimidation or harassment.

All sites pay workers according to applicable wage laws, including minimum wages, overtime hours and mandated benefits.

Measurement of Outcomes

Orana Vietnam staff have formed a trade union for collective bargaining purposes and twice a year, meetings are held between management and the trade union on matters of mutual concern.

All Orana Vietnam's wages are as a minimum consistent with Vietnamese Law and prevailing industry standards. Holiday, sick leave and maternity leave are provided in consistency with Vietnamese Law. Working hours are also consistent with Vietnamese Law and prevailing industry standards. Overtime is voluntary and as per Vietnamese overtime regulations.

During July Quarter 2019, the Orana Vietnam Sustainability Group (see below chapter on Environment for more on the Sustainability Group) presented 49 ideas where 32 ideas were on how to improve work efficiency and 10 ideas were on how to improve working conditions. Several ideas have been implemented already, others are under implementation and some are still being treated.

5. Environment

Description of Actions

All sites shall comply with all applicable environmental regulations.

A system for the safe handling, recycling and management of waste and wastewater discharges has been implemented at Orana Vietnam

Measurement of Outcomes

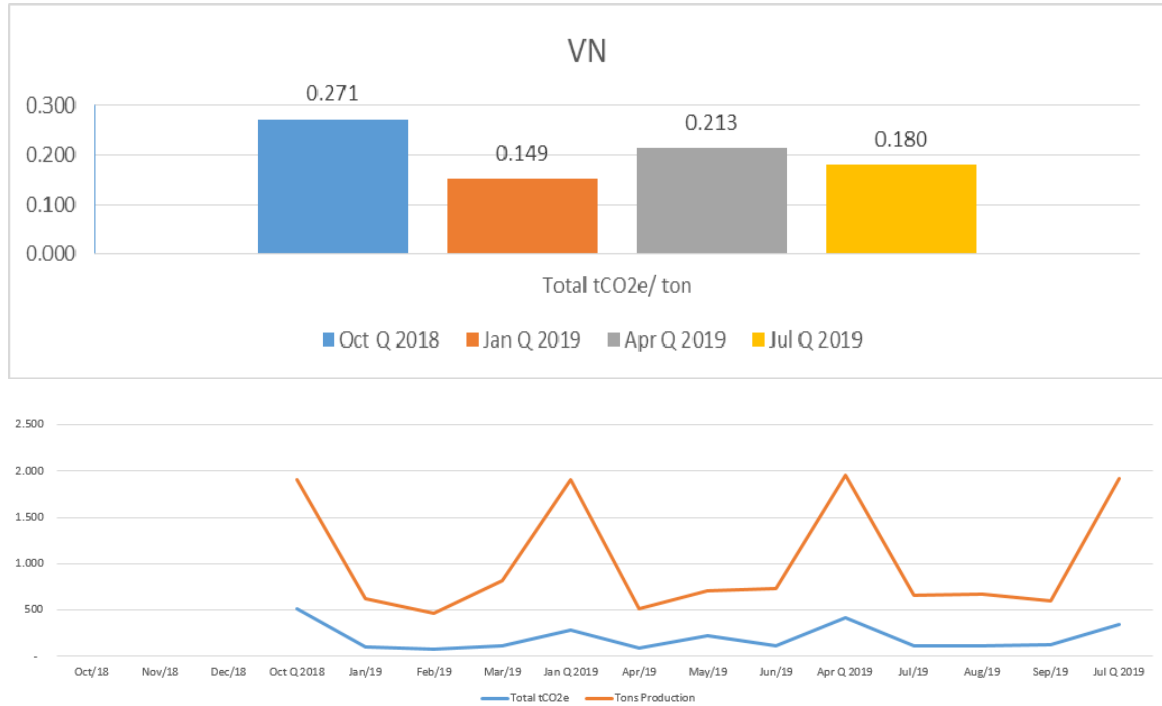
Orana Vietnam has ensured that all required environmental permits and licenses are in place and that their reporting requirements by law in Vietnam are followed.

Orana Vietnam has set up a new calculator of carbon foot print measuring per ton produced for Scope 1 and Scope 2 and will started measuring in October Quarter 2018. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are emissions from sources not owned or controlled by the company. It is under Scope 3 where the Orana Group is making a difference by having decentralized productions. By establishing carbon foot print measuring for Scope 1

and Scope 2, we will have started the process on assessing our impact in all areas and will be able to establish initiatives to address opportunities for improvement.

The result for 2018/19 can be seen here:

Graph 3: Carbon Foot Print. Total tCO₂e/Ton



As can be seen the total carbon foot print is in line with the volume, but the CO₂e/ton produced is having a variance from 0.149 to 0.271. This is mainly due to product mix.

In terms of energy consumption, the following was measured in 2018/19:

Table 2: Energy Consumption

Energy con- sumptions	VN						
	2016-17	2017-18	2018-19	Delta Base Year	Delta % Base Year	Delta LY	Delta % LY
Electricity kWh/ton	272	258	210	-14	-5.2%	-48	-18.6%
Gas / Diesel in mJ / ton	876	782	789	-94	-10.8%	+7	+0.9%
Water m3 /ton	4.1	4.1	4.2	0.0	+0.2%	0.0	+1.1%
Waste water m3 / ton	2.9	2.8	2.9	+0.1	0.0%	+0.1	+3.5%

Water and wastewater consumption was high last year compared to base year due to increase in volume of one product requiring double processing and more CIPs/hot water rinsing. It is for the same reason that diesel increased as more steam was needed to produce this product with double processing per ton compared to other products.

Orana Vietnam also upgraded Wastewater treatment system in 2018/19. We increased capacity from 30m³/day up to 65m³/day.

Orana Vietnam carried out some improvements on electricity which helped to save electric consumption significantly.

A Sustainability Group was established in Orana Vietnam in July 2019. The main task was to ensure that all staff:

- 1)Think
- 2)Act
- 3)Work

sustainable in all ways so that the Orana Group's CSR Policy and Sustainability goals and strategy would become a natural part of everyone's every day work. This will be achieved by involving all employees and thus ensuring that the project is not only top-down but also driven by the staff.

During July Quarter 2019, the Sustainability Group at Orana Vietnam presented 49 ideas of which 7 ideas were on how to save energy, water and waste water. Some of the ideas have been implemented already, others are under implementation and a few are still being treated.

6. Anti-Corruption

Description of Actions

The Orana Group has a zero tolerance on corruption. All corruption, extortion and embezzlement are prohibited. Employees are not allowed to pay or accept bribes in business or government relationships. All Orana sites shall conduct their business consistent with fair competition and in compliance with anti-trust laws.

The Orana Group's relationships with suppliers are based entirely on sound business decisions and fair dealing. Employees are not allowed to accept any gifts or entertainment. Employees are not allowed to accept or give kickbacks when obtaining or awarding contracts.

Measurement of Outcomes

All staff at Orana Vietnam are instructed not to pay corruption or bribery in order to unjustly influence public officials or suppliers. When deemed necessary, Orana Vietnam encourages employees to go to government official / other relevant meetings two persons at a time in order to discourage corruption and bribery. No instances of corruption were reported in 2018/19.

Additionally, we have set up a whistleblower function with a lawyer's office in Vietnam, effectively from 01st October 2019.
